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11 January 1963

MEMORANDUM FOR: Deputy Director (Research)

**SUBJECT : Proposed Changes in Operations and
Organization of the National Reconnaissance
Office**

**REFERENCE : Memo for C/OSA/Programs Staff,
from ADD/R, dtd 9 Jan 63, subj: NRO**

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1. As a preface and premise, let us state that the National Reconnaissance Office and its present philosophy of operation must be changed. It is readily apparent to us that only the sheer momentum of our previous and happy state before the days of NRO has prevented our programs from capitulating to the turmoil which has evolved since the NRO inception. Although proponents of the NRO concept, we must concede that in its present structure the NRO has not aided nor abetted the coordinated management of our programs and many times has been a deterrent to their graceful execution.

2. Before embarking on the list of "druthers" on how we would like to see the NRO constituted and operated, permit me to highlight some of the deficiencies which prompt the suggested changes.

3. Program B has been the brunt of cavalier treatment by the NRO in its budget presentation. The Program B budget unilaterally has been reworked and so disfigured by the NRO that the Program B's comptroller could not identify or decipher the funding program as his own. Funds were reduced without our prior consultation resulting in our present dilemma of carrying the responsibility for the operation of certain projects without the financial wherewithal to support them. CIA's own budget office has added further confusion to the chaos by its own discussions with NRO without affording Program B the opportunity of prior consultation or actual participation.

NRO review(s)
completed.

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4. Close on the heels of the budget confusion came the assault of the NRO upon our contractors. The NRO Comptroller, as keeper of the coffers, has seen it fit and proper to usurp the prerogatives of our contracts officer by engaging in direct negotiations and "wire-brushing" of our contractors. By employing the classic and probably archaic military way of doing business, the NRO is successfully destroying the team effort which previously made contract negotiation a strong and necessary management tool. Historically the CIA contracts officer was an integral part of our research and development efforts. He contributed an essential piece to the streamline procedures of procurement activities. His advice and particular talents were called to play from the outset in the making of a development contract. The NRO method has barred him from action until the negotiation is a fait accompli, then he is merely asked to mechanically seal the agreement with little or no opportunity for further negotiation. In actual practice the contracts officer has learned more of the NRO contract intentions from the contractors than he has through NRO channels.

5. In all fairness we must recognize that we cannot and should not compare the close working relationship of our own contiguous contracts and development sections with that of contracts and the NRO, some ten miles away. The complete isolation that has prevailed, however, is inexcusable. We again are not without blame. The sharpness of focus previously achieved by Special Activities on its programs has been greatly distorted with our move to the new building. The easy access of OSA to the other components made us easy prey to our benevolent brethren, intent on solving our problems with their overwhelming aid. By the same token the NRO personalities have not divorced themselves from the cloak of the Air Force. As an end result we have attempted to draft offices into coordinated action which are physically split and each disjointed member integrated completely into a parent, colossal superstructure of its own. It is little wonder why the NRO's effectiveness has suffered.

6. We propose then the following changes:

a. Appointment of the Director and Deputy Director,

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NRO as full-time positions. The CIA and DOD respectively represented in one of the two positions. Since the D/NRO is technically charged with the direction and control of the National Reconnaissance Program, a case could be made for the D/NRO to be a CIA employee to avoid any valid criticism in case of an overflight mishap that the program was directed by a Pentagon personality and hence an aggressive act. This same reasoning could also suggest that the D/NRO report directly to the DCI. In either case, both the Director and Deputy Director, NRO should be qualified to appreciate the technology involved in reconnaissance programs.

b. The NRO staff should not be an operating organization involved in the day-to-day operational and contractual decisions but more properly should assume the role of a classic staff, without command functions, charged with normal executive and administrative duties.

c. Whenever possible the NRO staff should be manned with equal members of representatives from each agency and service contributing to the National Reconnaissance Programs. These representatives, as full-time members of the NRO, would also provide the necessary NRO coordination with their respective services. It may be desirable to assign a NASA representative to the staff in order to take advantage of the technical progress and achievements of that organization.

d. Assign the Director, Program A to the Washington Area where he would control Program A's activities while taking the advantage of the proximity of national requirements as well as simplifying the coordination of its operations with the NRO. This objective would hold true of Program C Director and any additional Program Directors.

e. Employ the use of the Joint Reconnaissance Center to coordinate specific reconnaissance activities. By so doing it would obviate the need for the NRO to maintain a duplicate facility.

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f. Assign all national reconnaissance, including that of SAC, to a NRO Program Director who would assume NRO responsibility for the operations through the appropriate service or agency command.

g. Stipulate that program funding or budget presentations will not be reduced by the NRO without prior consultation of the Program Director.

h. Arrange for the assignment of satellite launch dates and pads to the appropriate Program Director according to the time required so specified by the Program Director.

i. Locate the Director, Deputy Director and NRO staff in one office area, preferably outside of CIA Headquarters and the Pentagon on neutral ground for all services and agencies. The Director/NPIC has indicated optimism that sufficient space could be made available in his immediate or adjacent office area. There is considerable merit in the logic of co-locating the NRO and NPIC.

j. Designate the Director, Program B as responsible for coordinating the processing and dissemination of intelligence product acquired by all national reconnaissance programs. He should also be responsible for the technical monitoring of the processing itself and the development of new processing and exploration equipment for the NRP.

7. In summary we feel that immediate attention must be given to the designation of a CIA employee as Director or Deputy Director, NRO as a full-time position; that the operational functions now performed by the NRO staff be assigned to appropriate Program Directors; that the NRO staff be reorganized to include membership from all NRP services and agencies; and that the Director, Deputy Director and NRO staff be located in one office area.

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8. Attached is a simple schematic of the proposed National Reconnaissance Office. Also provided is a draft agreement.



Attachments as stated

/s/
JOHN N. McMAHON

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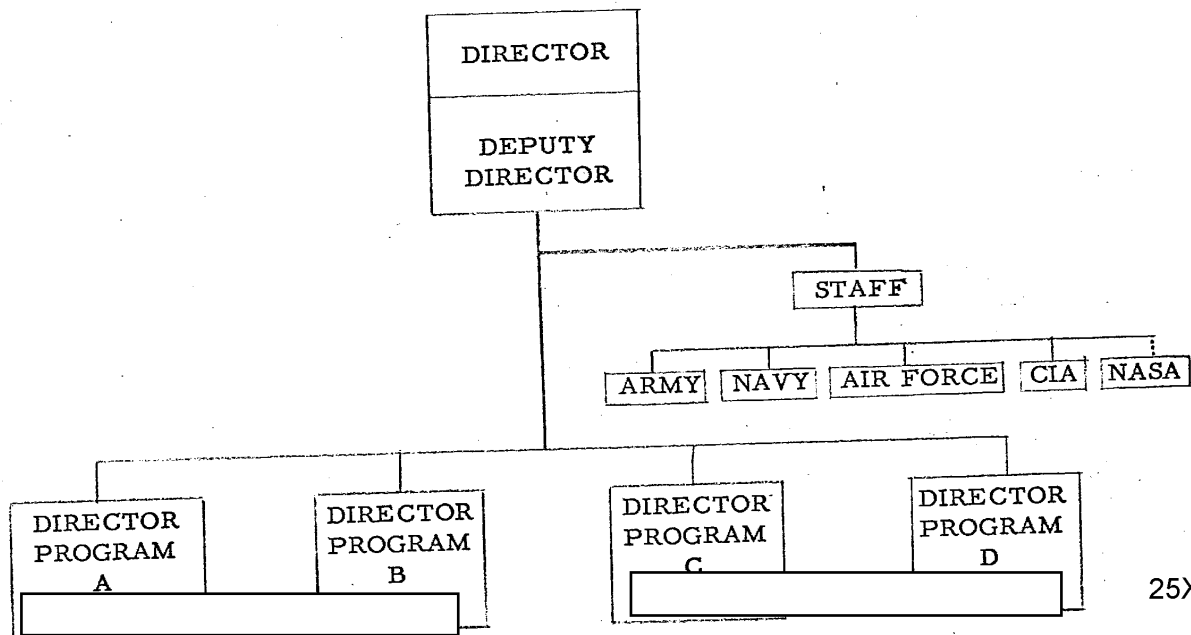
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NATIONAL RECONNAISSANCE OFFICE



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Agreement Between
Secretary of Defense and the Director of Central Intelligence

on

National Reconnaissance Planning and Operations

Definitions:

- NRPG - National Reconnaissance Planning Group
- NRO - National Reconnaissance Office
- NRP - National Reconnaissance Program, to consist of all overt and covert satellite and overflight projects for intelligence, geodesy and mapping photography and electronic signal collection

Responsibilities:

The National Reconnaissance Planning Group (NRPG), consisting of the Secretary of Defense and the Director of Central Intelligence, is responsible for providing policy and program guidance for the National Reconnaissance Program (NRP) and for making final determinations in connection therewith which do not require the exercise of higher authority. There is hereby established a Director/NRO responsible for implementing plans and policies developed by the NRPG, and for managing and directing the NRP in such manner as to insure the most effective utilization of the particular talents, experience, and capabilities within the Department of Defense and the Central Intelligence Agency. The Secretary of Defense, with the concurrence of the Director of Central Intelligence, designates the Director and Deputy Director of the National Reconnaissance Office, who are responsible for the operation of that program in accordance with the following terms and conditions:

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1. Requirements and Priorities:

The NRP will be directly responsive to, and only to, the photographic and electronic signal (SIGINT) collection requirements and priorities established by the United States Intelligence Board and will develop the over-all reconnaissance program to satisfy these requirements.

2. Management:

a. The technical management responsibility for all the NRP is assigned to the D/NRO. Under this over-all responsibility for NRP, D/NRO will utilize existing resources in the following manner:

(1) CIA will be the Executive Agent for D/NRO to operationally control those covert projects already under its management and such additional covert projects as are assigned to it by the D/NRO. The D/NRO will designate the appropriate military service as Executive Agent to control those NRP projects of an overt nature.

(2) To provide for full use of available capabilities and resources, and to provide for interface with data exploitation equipment development by agencies outside the NRP, personnel of Army, Navy, Air Force, and CIA, may be assigned, on a full-time basis, to appropriate positions within the NRO under the Program Directors who will be designated as Executive Agents for the D/NRO.

(3) A firm liaison channel between the NRO and the NSA will be established as an adjunct to the technical management structure of signal collection projects, and the conduct of such projects carried out in accordance with the exploitation responsibilities of the NSA.

(4) Planning will encompass maximum utilization of the technical and operational resources of the DOD, the Army, Navy, Air Force, NSA, and the CIA to support all collection programs, including, but not limited to, electronic signal and photographic collection programs.

(5) CIA will be Executive Agent for the D/NRO

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to coordinate the processing and dissemination of intelligence product acquired by the NRP projects. It should also be responsible for the technical monitoring of the processing itself and the development of new processing and exploitation equipment for the NRP.

b. Financial Management:

(1) The D/NRO will be responsible for review and approval of the total NRP budget. DOD funds allocated to the NRP will appear as appropriately classified line items [redacted] budget. For those covert projects for which it has management responsibility under paragraph 2. a. (1) above, CIA will normally include funds in its regular appropriations. If funds are required in addition to such appropriations, NRPG, with the approval of the Bureau of the Budget, may authorize transfers of appropriate amounts from DOD to CIA. In the event it is assigned such projects prior to obtaining such appropriations, initial funding to be obtained by CIA through normal appropriation channels. On those projects where CIA acts as procurement agent for NRO, the funds will be advanced or reimbursed by DOD to CIA in accordance with the principles of the Economy Act.

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(2) D/NRO will have responsibility for all NRP contracts in accordance with the assignment of technical management responsibility in paragraph 2. a. Consistent with paragraph 2. a. (1), CIA will be the Executive Agent of the D/NRO, responsible for administering procurement and contracting for covert projects for which it is assigned responsibility under paragraph 2. a. (1), and for covert contracting necessary for the support of over projects.

3. Security:

In accordance with the basic responsibility of the Director of Central Intelligence for protection of intelligence sources and methods, CIA will establish security policy for the NRP. Including provision for a uniform system of security control and appropriate delegations of security responsibility.

4. Operations:

a. Scheduling: The mission schedule for all NRP efforts will be the responsibility of D/NRO, subject to coordination with CIA on covert projects for which it is Executive Agent and the obtaining

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of appropriate clearances where required from higher authority. Operational control for individual projects under the NRP will be assigned to the DOD or to the CIA by the D/NRO in accordance with policy guidance from the NRPG. D/NRO will be responsible to assure that mission planning will make full use of all intelligence available in the community.

b. Format: The D/NRO will be responsible for the format of the collected NRP product as follows:

(1) Photographic format will include the initial chemical processing, titling, production and delivery to the users as specified by the USIB, through CIA in accordance with paragraph 2. (5).

(2) Electronic signal data format will include the decommutation, conversion, technical correction and reconstruction of the collected signal data to yield a usable collection product in proper format together with associated data necessary for exploitation, to the NSA or other user as specified by the USIB.

c. Engineering Analysis: The D/NRO will be responsible for engineering analysis of all collection systems to correct the problems that exist on the operating system as well as to provide information for new systems. In connection with covert projects for which CIA is Executive Agent, this responsibility will be carried out under the supervision of CIA.

d. In time of war or whenever designated by the NRPG, the D/NRO and NRP assets will be responsive to requirements levied by the Joint Chiefs of Staff.

5. The D/NRP is responsible for advanced plans in support of the NRP. In view of the DCI's major responsibility to the NSC for all intelligence programs, all NRP advanced planning will be coordinated between the Director and Director/NRO.

6. Public releases of information will be the responsibility of the D/NRP subject to the security guidance of CIA.

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